United Nations A/64/6 (Sect. 32)

General Assembly

Distr.: General
13 April 2009

Original: English

Sixty-fourth session

# Proposed programme budget for the biennium 2010-2011*

## Part X
## Jointly financed administrative activities and special expenses

## Section 32
## Special expenses

Contents


| | | Page |
|---|---|---|
| Overview | | 2 |
| A. | After-service health insurance | 2 |
| B. | Compensatory payments | 4 |
| C. | General insurance | 4 |
| D. | Bank charges | 5 |
| E. | Pension payments to former Secretaries-General | 6 |


* A summary of the approved programme budget will subsequently be issued as *Official Records of the General Assembly, Sixty-fourth Session, Supplement No. 6* (A/64/6/Add.1).

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## Overview

32.1 Under section 32, Special expenses, resources are provided to cover specific expenditure requirements for: (a) after-service health insurance; (b) compensatory payments; (c) general insurance charges; (d) bank charges; and (e) pension payments to former Secretaries-General (see table 32.1).

Table 32.1 **Resource requirements by component**

(Thousands of United States dollars)

(1) *Regular budget*

| Component | 2006-2007 expenditure | 2008-2009 appropriation | Resource growth | | Total before recosting | Recosting | 2010-2011 estimate |
|---|---|---|---|---|---|---|---|
| | | | Amount | Percentage | | | |
| A. Contributions to after-service health insurance | 79 926.9 | 89 227.8 | 5 433.0 | 6.1 | 94 660.8 | 10 537.7 | 105 198.5 |
| B. Compensatory payments | 2 073.3 | 1 788.3 | 527.3 | 29.5 | 2 315.6 | 249.0 | 2 564.6 |
| C. General insurance | 7 482.2 | 7 729.4 | (2 582.8) | (33.4) | 5 146.6 | 553.2 | 5 699.8 |
| D. Bank charges | 3 059.2 | 432.9 | 412.5 | 95.3 | 845.4 | 41.1 | 886.5 |
| E. Pension payments to former Secretaries-General | 1 109.2 | 1 194.3 | — | — | 1 194.3 | 70.4 | 1 264.7 |
| **Subtotal** | **93 650.8** | **100 372.7** | **3 790.0** | **3.8** | **104 162.7** | **11 451.4** | **115 614.1** |

(2) *Extrabudgetary*

| | 2006-2007 expenditure | 2008-2009 estimate | 2010-2011 estimate |
|---|---|---|---|
| **Subtotal** | **11 342.3** | **12 900.0** | **25 162.0** |
| **Total, (1) and (2)** | **104 993.1** | **113 272.7** | **140 776.1** |

## A. After-service health insurance

***Resource requirements (before recosting): $94,660,800***

32.2 After-service health insurance coverage (for hospitalization and medical and dental expenses) is provided on a shared-contribution basis to retired staff members and their dependants in accordance with a decision taken by the General Assembly at its twenty-first session. Coverage is also provided to staff members whose appointments are terminated as a result of disability. In all cases, coverage is available only to those who are eligible to receive a periodic benefit from the United Nations Joint Staff Pension Fund or under the rules governing compensation for service-incurred death, injury or illness. In accordance with Assembly resolution 38/235, the maximum cost-sharing ratio is 2 to 1 between the Organization and the participants.

32.3 By its resolution 40/258 A, the General Assembly decided to extend after-service health insurance coverage to former locally recruited staff who participated in a medical expense assistance plan under appendix E to the Staff Rules.

32.4 By its resolution 61/264, the General Assembly approved changes to after-service health insurance provisions for new staff members recruited on or after 1 July 2007. Under the terms of that resolution, following retirement, staff members are eligible for cost-sharing of after-service coverage if they have participated in a United Nations-system contributory health insurance plan for at least 10 years and are participating in a United Nations plan at the time of retirement. Staff members recruited prior to 1 July 2007 who have participated in a United Nations contributory plan for at least five years are also eligible, provided that they pay the full premium for the period for which their participation falls short of the 10-year requirement for cost-shared participation.

32.5 Since the inception of the after-service health insurance programme in the United Nations, the programme has grown in terms of both the number of participants and the related cost. Since 1999, the increase in enrolment has been steady and has demonstrated a tendency to accelerate, owing to the ageing population of subscribers. For the biennium 2010-2011, the requirements have been prepared employing the same methodology as in prior years. The extrabudgetary amounts shown represent requirements for former staff of peacekeeping operations as well as for staff who before retirement have been financed from extrabudgetary sources of funding. In view of historical trends and projections based on personnel data, the enrolment figures are expected to increase further as an increasing number of staff reach retirement age. This anticipated increase in enrolments, when combined with demographic and medical trends of the group, is projected to increase the costs of the after-service health insurance programme going forward (see table 32.2).

Table 32.2 **Resource requirements: after-service health insurance**

| | *Resources (thousands of United States dollars)* | | *Posts* | |
|---|---|---|---|---|
| *Category* | *2008-2009* | *2010-2011 (before recosting)* | *2008-2009* | *2010-2011* |
| Regular budget | | | | |
| Non-post | 89 227.8 | 94 660.8 | — | — |
| **Total** | 89 227.8 | 94 660.8 | — | — |
| Extrabudgetary | 12 900.0 | 25 162.0 | — | — |

32.6 The requirements of $94,660,800, including an increase of $5,433,000, are based on an anticipated annual increase in membership in the insurance programme during the biennium 2010-2011. The increase in membership for the biennium 2010-2011 is projected at 6.7 per cent on average under the insurance plans administered at Headquarters, at a level of 7.1 per cent on average in Geneva and at a level of 8.3 per cent on average under the insurance plans administered by the United Nations Office at Vienna. The average premium costs per participant vary among different insurance plans and between the costs experienced in New York, Geneva and Vienna, but a tendency towards an increase in average costs is clearly demonstrated with respect to all insurance plans.

32.7 The estimated requirements reported in table 32.2 above address the pay-as-you-go costs of after-service health insurance entitlements for retired staff. In its resolutions on the biennial programme budgets and the financial reports and audited financial statements and reports of the Board of Auditors, the General Assembly endorsed the observations and recommendations of the Advisory Committee on Administrative and Budgetary Questions and the Board of Auditors on the long-term liabilities for after-service health benefits. The Secretariat has reviewed the options and arrangements to address the long-term liabilities of the Organization for after-service health benefits for all categories of retired personnel. The related proposals were submitted in a separate

report to the Assembly (A/60/450 and Corr.1) at the main part of its sixtieth session, and, on the basis of requests from the Advisory Committee and the Assembly for updated and additional information, the second report was presented to the Assembly (A/61/730) at the first resumed part of the sixty-first session. A follow-up report, as requested in resolution 61/264, addressing issues of partial and full funding of after-service health insurance liabilities, is currently scheduled to be submitted to the Assembly for review at its sixty-fourth session. Should the Assembly approve the new funding scheme for after-service health insurance, these requirements may have to be revised.

## B. Compensatory payments

***Resource requirements (before recosting): $2,315,600***

32.8 The requirements under compensatory payments (see table 32.3) provide for compensation to members of commissions, committees and other similar United Nations bodies in the event of death, injury or illness attributable to service with the United Nations. The responsibilities of the United Nations in this area, as well as the rules governing compensatory payments, are detailed in Secretary-General's bulletin ST/SGB/103/Rev.1.

32.9 Compensation is also provided to staff members or their dependants in the event of death, injury or illness attributable to the performance by the staff member of official duties on behalf of the United Nations. The compensation is governed by the specific rules under appendix D to the Staff Rules (ST/SGB/Staff Rules/Appendix D/Rev.1/Amend.1).

32.10 The costs incurred on both those accounts may include death annuities, monthly benefits for incapacity resulting from injury or illness, lump-sum indemnities for permanent disabilities and medical, hospital and other related expenses.

Table 32.3 **Resource requirements: compensatory payments**

| | *Resources (thousands of United States dollars)* | | *Posts* | |
|---|---|---|---|---|
| *Category* | *2008-2009* | *2010-2011 (before recosting)* | *2008-2009* | *2010-2011* |
| Regular budget | | | | |
| Non-post | 1 788.3 | 2 315.6 | — | — |
| **Total** | **1 788.3** | **2 315.6** | — | — |
| Extrabudgetary | — | — | — | — |

32.11 The resource requirements of $2,315,600, reflecting an increase of $527,300, are based on current trends in expenditure over the period from 2004 to 2008.

## C. General insurance

***Resource requirements (before recosting): $5,146,600***

32.12 The provisions under general insurance (see table 32.4) relate to insurance on the buildings and property at United Nations Headquarters, including automobiles and works of art, insurance of aircraft used for travel by the Organization but not owned by the United Nations and insurance for other air travel. In addition, in accordance with General Assembly resolution 41/210, the United Nations has established a self-insurance plan for general liability risk in respect of acts occurring

within the Headquarters district in the United States of America. The provisions also cover a stand-alone insurance policy for acts of terrorism, which, following the events of 11 September 2001, was established effective 2003 as a result of limitations in the scope of insurance coverage for risks, such as acts of terrorism, that would normally have been covered under the general policies. General insurance costs relating to the capital master plan are included in the cost proposals for the capital master plan.

Table 32.4 **Resource requirements: general insurance**

| | *Resources (thousands of United States dollars)* | | *Posts* | |
|---|---|---|---|---|
| *Category* | *2008-2009* | *2010-2011 (before recosting)* | *2008-2009* | *2010-2011* |
| Regular budget | | | | |
| Non-post | 7 729.4 | 5 146.6 | — | — |
| **Total** | **7 729.4** | **5 146.6** | — | — |
| Extrabudgetary | — | — | — | — |

32.13 Costs under this provision are estimated in the amount of $5,146,600 on the basis of terms of contracts recently signed with the insurance providers at Headquarters. A reduction in requirements is estimated in the amount of $2,582,800, which reflects a reduction of $1,222,000 relating to the general insurance policy and a reduction of $1,360,800 relating to the insurance for acts of terrorism. These reductions take into consideration that the buildings under renovation will be covered by a separate general insurance policy and insurance for acts of terrorism under the capital master plan. The General Assembly building, South Annex, Library, North Lawn building and swing spaces, and the United Nations properties in the leased locations in New York City, would be covered under the general insurance and the insurance for terrorism acts during the biennium 2010-2011. On the basis of the accelerated version of the capital master plan, the Secretariat and Conference buildings would be under renovation during the biennium 2010-2011. The General Assembly building and the South Annex are expected to be under renovation towards the end of the biennium 2010-2011.

## D. Bank charges

***Resource requirements (before recosting): $845,400***

Table 32.5 **Resource requirements: bank charges**

| | *Resources (thousands of United States dollars)* | | *Posts* | |
|---|---|---|---|---|
| *Category* | *2008-2009* | *2010-2011 (before recosting)* | *2008-2009* | *2010-2011* |
| Regular budget | | | | |
| Non-post | 432.9 | 845.4 | — | — |
| **Total** | **432.9** | **845.4** | — | — |
| Extrabudgetary | — | — | — | — |

32.14 The requirements of $845,400, reflecting an increase of $412,500 (see table 32.5) relate to fees for bank-account maintenance, electronic fund transfers and other fees for services provided by banks. The resource requirements are estimated on the basis of current trends in expenditure. Although the new banking contract and use of the SWIFT (Society for Worldwide Interbank Financial Telecommunication) system have greatly reduced the unit price per payment, the volume of transactions has increased significantly. Such costs are more than offset by interest income earned on cash balances, which are budgeted under income section 2, General income.

## E. Pension payments to former Secretaries-General

***Resource requirements (before recosting): $1,194,300***

Table 32.6 **Resource requirements: pension payments to former Secretaries-General**

| | *Resources (thousands of United States dollars)* | | *Posts* | |
|---|---|---|---|---|
| *Category* | *2008-2009* | *2010-2011 (before recosting)* | *2008-2009* | *2010-2011* |
| Regular budget | | | | |
| Non-post | 1 194.3 | 1 194.3 | — | — |
| **Total** | **1 194.3** | **1 194.3** | — | — |
| Extrabudgetary | — | — | — | — |

32.15 The requirements of $1,194,300 provide for the retirement allowances of three former Secretaries-General and the widow of one former Secretary-General at the half rate, based on the maximum retirement benefit payable as from 1 January 2009.

Table 32.7 **Summary of follow-up action taken to implement relevant recommendations of the oversight bodies**

| *Brief description of the recommendation* | *Action taken to implement the recommendation* |
|---|---|
| **Report of the Board of Auditors** (A/59/5 (vol. I), chap. II) | |
| The Board of Auditors recommended that the United Nations review the funding mechanism for end-of-service and post-retirement benefit liabilities (paras. 15 (b) and 47). | The funding mechanism for the end-of-service and post-retirement benefit liabilities is currently under review. Two reports of the Secretary-General (A/60/450 and A/61/730) were submitted to the General Assembly, the first at the main part of its sixtieth session and the second at the first resumed part of the sixty-first session. A follow-up report, as requested in resolution 61/264, addressing issues of partial and full funding of after-service health insurance liabilities, is currently scheduled to be submitted to the Assembly for review at its sixty-fourth session. |